

Exclusive: NDNA urges 30 hours rethink in wake of survey ^[1]

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AVAILABILITY

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EXCERPTS

The National Day Nurseries Association is calling on the Government to rethink its flagship 30-hours policy after a fifth of respondents to its annual survey said there is little or no chance they will be offering the extra free entitlement come September.

[Graph can be viewed online. Shows the percentage of respondents who answered the following question on a likert scale: 'Considering the information on future funding rates from the DfE and your LA, will you be delivering the 30 free hours per week offer to three and four-year-olds with working parents from September 2017?']

The National Day Nurseries Association is calling on the Government to rethink its flagship 30-hours policy after a fifth of respondents to its annual survey said there is little or no chance they will be offering the extra free entitlement come September.

According to the data, gathered in the NDNA's yearly poll of members, 20 per cent of the 788 respondents warned they 'definitely will not or are unlikely to provide 30-hour places'.

Despite Government upping the funding for four in five local authorities, creating a £4 average minimum hourly rate for providers, a revolt continues to threaten the roll-out due in September, claims the NDNA's Annual Nursery Survey 2017.

The report recommends either injecting more cash, or slowing down implementation if sufficient funding cannot be found.

Alternatively, providers must be given 'explicit permission' to charge parents where the funding does not cover the cost of offering the places.

It states, 'The government's flagship 30-hour "free" childcare policy is at risk. With five months to go until national roll-out in September 2017, there is time for the Government to take stock and rethink the policy, rather than forcing it through at the expense of childcare quality, the nursery workforce and nursery sustainability.'

The survey reveals how despite ongoing uncertainty around the legitimacy of charging, more nurseries propose to increase fees for non-funded provision.

It highlights how while the Government calls the entitlement 'free', and trumpets the overall funding increase, nurseries are subsidising the policy, with current typical losses on 15-hour places reportedly at £958 per child per year.

The effect is to keep childcare workforce wages low, and with the rates fixed until 2020, nursery quality and sustainability continue to be at risk, it claims.

It suggests that parents being charged additional fees will still be better off because of Tax-Free Childcare, due to launch this month, along with universal credit and tax credits for lower-income families. 'Government must stop marketing its offer to parents as "free" childcare, and be clear that it is a well-funded offer contributing to the cost of childcare at the parent's chosen provider,' the report adds.

The report also invites the ministerial Childcare Taskforce to lead a 'complete overhaul of the childcare and early education funding system', with a view to moving to a 'childcare passport'.

This would streamline childcare funding, which has developed in an 'overly complex', 'piecemeal' way over the past two decades.

The proposed system would combine free early education and childcare places, tax credits, universal credit, employer-supported childcare vouchers, grants for learners and students and Tax-Free Childcare.

Funding

Three- and four- year-olds

The vast majority of nurseries (85 per cent) report being underfunded for three- and four- year-old places, with average losses of £958 per child per year.

Fewer than five in ten nurseries say they are likely to participate in the 30-hour offer, while a third remain uncertain and 22 per cent say

they are unlikely to or definitely will not participate.

If the 22 per cent opt out, this would result in a childcare gap for 50,000 children. (Based on Government estimate of 390,000 eligible children and 60 per cent of places provided by private, voluntary and independent nurseries.)

The hourly rate (average £3.94) received from the local authority does not cover costs for 85 per cent of respondents.

Average reported loss of £1.68, equating to an average shortfall of £16.80 for a ten-hour day, and an annual loss of £958 per child, per year (570-hour annual funded entitlement).

Funding gap set to increase with rising nursery costs – particularly wage inflation and business rates.

Some 71 per cent of providers already charging for meals and snacks. With government funding for places fixed until 2020, the pressure to charge for extras is predicted to increase.

Two-year-olds

The majority of respondents (89 per cent) are delivering funded two-year-old places, although more nurseries are choosing not to deliver places – 9 per cent this year, compared with 5 per cent in 2016.

More nurseries intend to reduce the number of funded two-year-old places they offer in future – 10 per cent compared to 7 per cent in 2016, with 8 per cent saying they are likely or very likely to pull out.

Inadequate funding for two-year-old places and pressure on ensuring availability of 30-hour places for when two-year-olds become three are reported as reasons for reducing places.

One respondent said, 'I won't allow a two-year-old child to start if we can't guarantee their place all the way through. With the increase to 30 hours we might not be able to offer all funded twos 15 hours when they turn three.'

The hourly rate received from the local authority does not cover costs for 54 per cent of nurseries – no change from 2016.

The average hourly rate received is £5.04, with an average reported hourly loss of £1.12, equivalent to an annual loss of £638 per child, per year for the 570-hour annual funded entitlement.

Fees

More nurseries plan fee increases in 2017 than in 2016 and increases are set to be larger.

Some 83 per cent of nurseries plan to increase their fees by an average of 4.5 per cent. Last year, 71 per cent reported increases, with rises averaging 4 per cent.

Workforce and Pay

The two top challenges reported are wage and recruitment pressures, with national minimum and living wage rises pushing up payrolls by 7 per cent.

Nurseries warn they may thus be driven to employ a younger, less-qualified workforce.

Business

The business rates revaluation is particularly damaging for private nurseries, most of which are not eligible for relief. Average rateable values are set to increase by 24 per cent to £24,000.

Confidence is falling, with 17 per cent of nurseries expecting to make a loss, up from 9 per cent last year. Some 43 per cent expect a profit or surplus. A minority plan to expand (22 per cent).

Nursery occupancy is 78 per cent, an increase on 2016's 72 per cent. This may partially reflect the timing differences as occupancy typically rises later in the academic year and the survey was conducted later than in 2015/16.

Occupancy is increasing or stable for most, with 37 per cent reporting increases on the previous year, 35 per cent no change and 28 per cent decreases.

School Partnerships

Slightly fewer nurseries report working in partnership with schools (36 per cent, compared with 38 per cent in 2016).

The most common activities remain out-of-school and wraparound provision off the school site.

Funded three- and four-year-old places

96 per cent deliver funded places

£3.94 average hourly rate

85 per cent not covering costs

£1.68 average hourly loss per child

£958 annual loss per child per place for 570 hours

[Info graphic available to view online, shows participant responses to the question: 'If the eventual hourly rate you receive doesn't cover your costs, what would enable you to offer 30 hours?']

-reprinted from Nursery World

Region: Europe [3]

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Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/17/05/exclusive-ndna-urges-30-hours-rethink-wake-survey>

Links

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